

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS

December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 05 2012

Waguespack & Gallagher, LLC

Certified Public Accountants • Business Advisors

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BAYOU LAFOURCHE FRESH WATER DISTRICT

CONTENTS

December 31, 2011

	Statement	Page
INDEPENDENT AUDITOR'S REPORTS		
Independent Auditor's Report		1-2
REQUIRED SUPPLEMENTARY INFORMATION – PART I		
Management's Discussion and Analysis		3-9
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Assets	1	10
Statement of Activities	2	11
Fund Financial Statements		
Combined Balance Sheet-Governmental Funds	3	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5	14
Reconciliation of the Governmental Funds Statement of Revenues Expenditures, and Changes in Fund Balances to the Statement Of Activities	6	15
Notes to Financial Statements		16-29
REQUIRED SUPPLEMENTARY INFORMATION – PART II		
Budgetary Comparison Schedule-General and Special Revenue Fund	7	30-31
Schedule of Funding Progress	8	32
OTHER SUPPLEMENTAL INFORMATION.		
Schedule of Per Diems Paid to Board Members	A	33

**INDEPENDENT AUDITOR'S REPORT AND OTHER SCHEDULES REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Schedule of Findings and Responses	B	34-35
Summary Schedule of Prior Audit Findings	C	36
Management's Corrective Action Plan for Current Year Audit Findings	D	37
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <u>Government Auditing Standards</u>		38-39

Waguespack & Gallagher, LLC

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bayou Lafourche Fresh Water District (The District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bayou Lafourche Fresh Water District, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2012 on our consideration of the Bayou Lafourche Fresh Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other budgetary comparison information and the schedule of funding progress on pages 3 through 9 and page 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bayou Lafourche Fresh Water District's financial statements as a whole. The introductory section and schedule of per diem are presented for additional analysis and are not a required part of the basic financial statements. The schedule of per diem is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Wagnuspack & Gallagher, LLC

June 8, 2012

Napoleonville, Louisiana

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Our discussion and analysis of the financial performance of the Bayou Lafourche Fresh Water District (the District) provides an overview of the District's financial activities for the fiscal year that ended December 31, 2011. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$644,564 or 12.5%.

The District's total revenues were \$10,184,166 for an increase of 11.14%.

During the fiscal year ending December 31, 2011, the District had total expenses, excluding depreciation, of \$9,415,134.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Figure A-1
Major Features of the Bayou Lafourche Fresh Water District's Government and Fund Financial Statements

	Fund Statements	
	Government-wide Statements	Governmental Funds
Scope	Entire government	The activities of the District
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received or have otherwise been incurred

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health, or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and factors that affect water supply for sales to the surrounding parishes.

The government-wide financial statements of the District include.

- Governmental activities—most of the District's basic services are included here. Property taxes and water sales finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The District has one type of fund:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

FINANCIAL ANALYSIS OF THE BAYOU LAFOURCHE FRESH WATER DISTRICT AS A WHOLE

Net assets The District's net assets increased between fiscal years 2010 and 2011 to approximately \$5 77 million (See Table A-1)

Table A-1			
Bayou Lafourche Fresh Water District's Net Assets			
	Governmental Activities		
	2011		2010
Current and other assets	4,999,928		\$6,830,802
Capital assets	1,090,038		1,167,967
Total assets	6,089,966		7,998,769
Accounts payable and accrued expenditures	318,428		2,871,795
Total liabilities	\$318,428		\$2,871,795
Net assets			
Invested in capital assets, net of related debt	1,090,038		1,167,967
Restricted for special projects	20		20
Unrestricted	4,681,480		3,958,987
Total net assets	\$5,771,538		\$5,126,974

Net assets of the District's governmental activities increased 12.5 percent to approximately \$5 77 million

Changes in net assets The District's total revenues increased by 11.14 percent to \$10,184,166 (See Table A-2) This increase is primarily due to an increase in monies received from the Louisiana Office of Coastal Protection and Restoration to fund the dredging project

The total cost of all expenses increased approximately \$1,054,485 or 12.4 percent, due to expenditures made for the dredge project.

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Governmental Activities

Table A-2		
Changes in Bayou Lafourche Fresh Water District's Net Assets		
	Governmental Activities	
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 264,518	\$ 265,972
General revenues		
Assessment District	1,853,164	1,744,410
Revenue Sharing	54,929	54,976
Interest	15,103	30,673
State Contracts	7,985,612	7,063,233
Other	10,840	4,046
Total revenues	10,184,166	9,163,310
Expenses		
Personnel	472,176	479,838
Other Operating	9,067,426	8,005,279
Total expenses	9,539,602	8,485,117
Increase in net assets	\$ 644,564	\$ 678,193

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its governmental funds reported a fund balance of \$ 4.74 million, an increase from last year of approximately \$725,931 or 18.1 percent

General Fund Budgetary Highlights

- Over the course of the year, the District revised its budget to reflect a \$1.56 million dollar increase in income due to an increase in state contract revenues associated with the dredge project and a \$1.56 million dollar increase in expenditures due to the cost of the dredge project. This was incorrect due to the fact that the income and expenses accounted for in the budget were overstated due to miscalculation of when money would be received for the project

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$1,090,038 in capital assets. (See Table A-3)

Table A-3
Bayou Lafourche Fresh Water District's Capital Assets
(net of depreciation)

		Governmental Activities	
		2011	2010
Land and Buildings		\$ 1,979,838	\$ 1,961,369
Furniture and Equipment		1,806,591	1,819,511
Vehicles		119,920	119,920
Construction in Progress-Equipment		15,000	-
Accumulated Depreciation		(2,831,311)	(2,732,833)
Net Capital Assets		\$ 1,090,038	\$ 1,167,967

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is dependent on property tax collections for approximately 84 percent of its regular revenues and water sales for approximately 12 percent of its regular revenues. The economy is not expected to generate any significant growth. Therefore, the District's general fund future revenues and expenditures are expected to be consistent with the current years

BAYOU LAFOURCHE FRESH WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Archie Chaisson, Jr, Director, 1016 St Mary Street, Thibodaux, Louisiana 70301.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 1

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$ 2,532,171
Investments	804,128
Receivables	
Ad valorem taxes	1,418,335
State revenue sharing	18,033
Water Sales	23,136
Due from Other Governments	203,643
Interest	482
Total current assets	<u>4,999,928</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>1,090,038</u>
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Total assets	<u>6,089,966</u>
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LIABILITIES

Current liabilities

Accounts payable and accrued expenditures	<u>256,677</u>
Total current liabilities	<u>256,677</u>

Noncurrent liabilities:

OPEB Liability	35,812
Accrued absences	25,939
	<u>61,751</u>

Total liabilities	<u>318,428</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,090,038
Restricted for special projects	20
Unrestricted	<u>4,681,480</u>
Total net assets	<u>\$ 5,771,538</u>

The accompanying notes are an integral part of this financial statement

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contracts	Charges for Services	Governmental Unit
FUNCTIONS/PROGRAMS				
<i>Governmental activities</i>				
General government	\$ 9,539,602	\$ 7,985,612	\$ 264,518	\$ (1,289,472)
Total governmental activities	<u>9,539,602</u>	<u>7,985,612</u>	<u>264,518</u>	<u>(1,289,472)</u>
General Revenues				
Compensation from assessment district				1,853,164
Interest				15,103
State revenue sharing				54,929
Gain on Sale of Assets				8,500
Miscellaneous Income				<u>2,340</u>
Total general revenues				<u>1,934,036</u>
Change in net assets				644,564
Net assets - January 1, 2011				<u>5,126,974</u>
Net assets - December 31, 2010				<u>\$ 5,771,538</u>

The accompanying notes are an integral part of this financial statement

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 3

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>	
	<u>GENERAL</u>	<u>DREDGE SPECIAL REVENUE</u>	<u>2011</u>	<u>2010</u>
ASSETS AND OTHER DEBITS				
Assets.				
Cash and cash equivalents	\$ 2,532,151	\$ 20	\$2,532,171	\$ 677,329
Investments	804,128	-	804,128	2,023,939
Receivables.				
Ad valorem taxes, net	1,418,335		1,418,335	1,322,307
State revenue sharing	18,033	-	18,033	18,033
Water sales	23,136	-	23,136	23,136
Due from other governments	-	203,643	203,643	2,751,864
Due from/(to) other funds	-	-	-	-
Interest receivable	482	-	482	14,194
	<u>482</u>	<u>-</u>	<u>482</u>	<u>14,194</u>
Total Assets and Other Debits	<u>\$ 4,796,265</u>	<u>\$ 203,663</u>	<u>4,999,928</u>	<u>6,830,802</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 14,557	\$ 203,643	\$ 218,200	\$ 2,777,311
Due to other Funds	-	-	-	-
Accrued Payroll	12,712	-	12,712	10,406
Compensated absences payable	25,765	-	25,765	25,765
	<u>53,034</u>	<u>203,643</u>	<u>256,677</u>	<u>2,813,482</u>
Total Liabilities	<u>53,034</u>	<u>203,643</u>	<u>256,677</u>	<u>2,813,482</u>
Equity and other credits				
Fund balances				
Restricted for.				
Dredge Project	-	20	20	20
Unassigned	4,743,231	-	4,743,231	4,017,300
Total Equity and Other Credits	<u>4,743,231</u>	<u>20</u>	<u>4,743,251</u>	<u>4,017,320</u>
Total Liabilities, Equity, and Other Credits	<u>\$ 4,796,265</u>	<u>\$ 203,663</u>	<u>\$4,999,928</u>	<u>\$ 6,830,802</u>

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total fund balances - Governmental Funds		\$ 4,743,251
Add cost of capital assets at December 31, 2011	\$ 3,921,349	
Less accumulated depreciation as of December 31, 2011	(2,831,311)	
Less other postemployment benefit liability at December 31, 2011	(35,812)	
Less accrued long term compensated absences as of December 31, 2011	<u>(25,939)</u>	<u>\$ 1,028,287</u>
Total net assets at December 31, 2011 - Governmental Activities		<u><u>\$ 5,771,538</u></u>

The accompanying notes are an integral part of this financial statement

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 5

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010**

	<u>GENERAL</u>	<u>DREDGE SPECIAL REVENUE</u>	<u>TOTALS</u>	
			<u>2011</u>	<u>2010</u>
REVENUES				
Ad Valorem Taxes Revenue	1,853,164	-	1,853,164	1,744,410
Intergovernmental Revenues				
State Revenue Sharing	54,929	-	54,929	54,976
State Contract-Bayou Project		7,985,612	7,985,612	7,063,233
Water Sales	264,518	-	264,518	265,972
Interest income	15,103	-	15,103	30,673
Sale of Assets	8,500	-	8,500	-
Miscellaneous Income	366	1,975	2,341	1,913
	<u>2,196,580</u>	<u>7,987,587</u>	<u>10,184,167</u>	<u>9,161,177</u>
Total Revenues				
EXPENDITURES				
Salaries	472,176	-	472,176	479,838
Payroll Taxes	36,299	-	36,299	36,275
Group Insurance Expense	169,285	-	169,285	180,627
Retirement Expense	43,308	-	43,308	43,295
Ad val deduction for pension	59,310	-	59,310	53,002
Materials & supplies	16,069	-	16,069	19,229
Commissions	1,700	-	1,700	-
Repairs & maintenance	35,246	-	35,246	38,018
Fuel & lube	27,809	-	27,809	16,575
Accounting fees	7,750	-	7,750	11,000
Computer expense	2,588	-	2,588	3,874
Dues & Subscriptions	226	-	226	166
Engineering Fees	42,578	-	42,578	3,676
Insurance - General	287,548	-	287,548	264,346
Legal Publication	2,756	-	2,756	3,564
Medical Expenses	13,554	-	13,554	3,762
Mileage & Travel	1,289	-	1,289	1,175
Office Expense	10,205	-	10,205	7,464
BTNEP Calendar	5,000	-	5,000	-
Telephone	10,680	-	10,680	9,720
Legal Fees	9,401	-	9,401	9,924
Utilities	122,648	-	122,648	90,889
Aquatic vegetation control	-	-	-	3,128
Monitoring Gauge Expense	18,541	-	18,541	11,125
State Land Water Line Marking	19,780	-	19,780	-
Miscellaneous expense	8,264	1,975	10,239	3,580
Bayou Clearing	-	-	-	468,725
Dredge Expenses	-	7,985,612	7,985,612	6,594,508
Company Canal Expenses	100	-	100	2,123
Capital outlay				
Equipment & vehicle	32,192	-	32,192	259,631
Buildings	13,589	-	13,589	-
Office Equipment	758	-	758	210
	<u>1,470,649</u>	<u>7,987,587</u>	<u>9,458,236</u>	<u>8,619,449</u>
Total Expenditures				
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>725,931</u>	<u>-</u>	<u>725,931</u>	<u>541,728</u>
CHANGES IN FUND BALANCES	725,931	-	725,931	541,728
FUND BALANCE AT BEGINNING OF YEAR	<u>4,017,300</u>	<u>20</u>	<u>4,017,320</u>	<u>3,475,592</u>
FUND BALANCE AT END OF YEAR	<u><u>4,743,231</u></u>	<u><u>20</u></u>	<u><u>4,743,251</u></u>	<u><u>4,017,320</u></u>

The accompanying notes are an integral part of this statement

**BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana**

Statement 6

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2011**

Net Change in Governmental Fund Balances		\$ 725,931
Capital Assets		
Capital outlay capitalized	\$ 46,539	
Depreciation expense for year ended December 31, 2011	(124,468)	
OPEB Expenses	<u>(3,438)</u>	<u>(81,367)</u>
Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds		
Change in Net Assets - Governmental Activities		<u>\$ 644,564</u>

The accompanying notes are an integral part of this financial statement

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

INTRODUCTION

The Bayou Lafourche Fresh Water District (the District) was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of eight commissioners appointed for terms of four years. The parish governments of Ascension and Assumption appoint four of eight commissioners, and the governor of Louisiana appoints the remaining four commissioners.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the Bayou Lafourche Fresh Water District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the Bayou Lafourche Fresh Water District's significant policies.

Financial Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relations with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organization for which the primary government does not appoint a voting majority but are fiscally dependent of the primary government.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Based on this criteria, management has determined that the Bayou Lafourche Fresh Water District is not considered a component unit of any other reporting entity. The District is a separate reporting entity because

- 1 The District is a separate legal entity, and not a part of any other governmental entity
- 2 Other governmental entities do not have the ability to impose their will on the District.
- 3 The District is not fiscally dependent on other governmental entities, nor is the District a significant financial burden to any other governmental entity

This report includes all funds which are controlled by the Bayou Lafourche Fresh Water District. The district is not included in any other governmental "reporting entity" as defined by the GASB pronouncement.

Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The District has two funds, which are classified as governmental funds. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds of the District include:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District has one special revenue fund. The special revenue fund of the District is used to account for state contract monies received from the Louisiana Department of Coastal Restoration and Preservation which are used for the dredging and clearing of Bayou Lafourche.

Basis of Accounting / Measurement Focus

Government-Wide Financial Statements

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Program Revenues

Program revenues included in the Statement of Activities derive directly from users as a fee for services, program revenues reduce the cost of the function to be financed from the District's general revenues.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become measurable and available to pay current period liabilities. The District considers ad valorem tax revenues available if they are collected within 30 days after the fiscal year end. All other revenues are available when earned. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the District or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority.

Assigned – represents balances that are constrained by the District's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the District will reduce restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the District will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenues

Revenue is recorded when received or accrued when it becomes both measurable and available for current expenditures. Only revenue received within thirty days of the close of the current fiscal year is considered receivable and is recorded in the current year, with the exception of federal grant revenues. Ad valorem taxes are assessed on a calendar year basis, become due November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year. The revenue collected by the sheriffs of the parishes involved are transmitted to the District.

Water sales are recorded when earned.

Interest income on time deposits is recorded when earned.

Grant income is recorded when measurable.

All other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Annually, the Board of Commissioners of the District adopts a detailed budget for the general fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

Encumbrances

The district does not use encumbrance accounting.

Cash, Cash Equivalents, and Investments

The district has deposits in a checking account and a money market account at a local financial institution. The District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana or any other state in the United States. The District may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district capitalizes assets based on the determination of whether it is a material purchase which will have a definite useful life of greater than a year.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years.

NOTE B - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 68,583	\$ -	\$ -	\$ 68,583
Building and Improvements	1,892,786	18,469	-	1,911,255
Furniture and Equipment	1,819,511	13,070	25,990	1,806,591
Vehicles	119,920	-	-	119,920
Construction in Progress-Equip	-	15,000	-	15,000
Total Cost	3,900,800	46,539	25,990	3,921,349
Less. Accumulated Depreciation:				
Building and Improvements	1,607,061	9,710	-	1,616,771
Furniture and Equipment	1,017,912	111,743	25,990	1,103,665
Vehicles	107,860	3,015	-	110,875
Total Accumulated Depreciation	2,732,833	124,468	25,990	2,831,311
Governmental Activities Capital Assets, Net	\$ 1,167,967	\$ (77,929)	\$ -	\$ 1,090,038

For the year ended December 31, 2011, depreciation expense was \$124,468. During 2011, plans were drawn up for new harvesters for the bayou. The cost was 15,000 for these plans. These are being capitalized as construction in progress until the harvesters are constructed and placed into service.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE C – LEVIED TAXES

Maintenance taxes attach as enforceable liens on property as of January 1 of each year. Taxes are levied by the parishes in November and are actually billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

In 2011, the District was authorized to levy up to 2.11 mills in ad valorem taxes. A 2.11 mills ad valorem tax was levied for the year ended December 31, 2011. This assessment is made on real property and business personal properties located in part of Ascension Parish and within the boundaries of Assumption and Lafourche Parishes. The District records as a receivable the total ad valorem taxes collected within thirty days of the close of the current fiscal year less the deduction for pension. An Allowance for Doubtful Accounts is not recorded by the District because the amount of uncollected taxes is immaterial and written off in the year following the year of assessment.

NOTE D – CASH AND INVESTMENTS

At December 31, 2011, the district has cash and cash equivalents and investments (book balances) totaling \$3,336,299 as follows:

Demand Deposits	\$ 2,532,171
Time Deposits	<u>804,128</u>
Total	<u>\$ 3,336,299</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the district has \$3,381,367 in deposits (collected bank balances). These deposits are secured from risk by \$500,020 of federal deposit insurance and \$2,881,347 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.R. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds on demand.

NOTE E – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2011 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
State of Louisiana Office of Coastal Protection And Restoration	-	203,643	203,643

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE F – COMPENSATED ABSENCES

The District employees accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The cost of leave privileges are computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. The District records the long term portion of accrued leave in the GWFS. As of December 31, 2011, the District accrued \$51,704 in compensated absences as follows:

Current Portion	\$25,765
Long Term Portion	<u>25,939</u>
	\$51,704

The current portion of this obligation is reflected in accrued expenditures in the Statement of Net Assets

NOTE G – PENSION PLAN

Substantially all employees of the Bayou Lafourche Fresh Water District are members of the Parochial Employees Retirement System of Louisiana (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary in excess of \$100 for each year of creditable service. Further, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 per cent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE G – PENSION PLAN-(Continued)

Under Plan B, employees may elect to enter into the Deferred Retirement Option Plan (DROP). DROP is an option for those members who are eligible for normal retirement. Employees age 62 and above with 10 years of creditable service are eligible for the plan. The plan allows the pension benefit that is accrued at the time of entry into DROP to be calculated and to accumulate with the retirement system while the DROP participant continues to work, freezing the future retirement benefit at retirement. The pension benefit is calculated as if the member were actually retiring. This DROP is deposited to a DROP account with the retirement system for a period not to exceed three years. The participant continues to work during this period of time. Employee contributions cease but employer contributions continue. At the end of the DROP period and upon termination of employment, the sum of the DROP account is paid out and the retiree begins receiving that same benefit directly as the retirement benefit.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan B, members are required by state statute to contribute 3% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 10.0% of annual covered payroll. Contributions to the System include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contribution to the System under Plan B for the years ending December 31, 2011, 2010, and 2009, were \$43,308, \$43,295, and \$26,236, and respectively, equal to the required contributions each year.

NOTE H- LEASES

The board had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

NOTE I – DEFERRED COMPENSATION PLAN

Some employees of the Bayou Lafourche Water District contribute to the State of Louisiana Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE J –RESTRICTED ASSETS

Certain resources of the District's special revenue fund are classified as restricted assets on the statement of net assets because their use is limited by grant agreements. These funds represent State of Louisiana Department of Coastal Protection and Restoration contract funds to be used on the bayou dredge and cleaning project only.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE K –RESTRICTED FUND BALANCE

Certain resources of the District's special revenue fund are classified as restricted on the balance sheet because their use is limited by grant agreements because they represent State of Louisiana Department of Costal Protection and Restoration grant funds to be used on the bayou dredge and cleaning project only

NOTE L - POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2011, the district began to recognize the cost of postemployment healthcare in the year when employee services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the district's future cash flows. Because the district adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description Continuing health care benefits are provided for those retired employees who have reached the normal retirement age while employed by the District. The plan is a multiple-employer defined benefit health care plan administered by the Louisiana State Office of Group Benefits. The Office of Group Benefits has the authority to establish and amend the benefit provisions of the plan. The plan issues a publicly available financial report.

Funding Policy The benefits for retirees and similar benefits for active employees are provided through United Healthcare and Humana with the monthly premiums for active employees being paid solely by the District. The District recognizes the cost as expenditure when paid during the year. The benefits are financed on a pay-as-you-go basis.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE L – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS-Continued

Annual OPEB Cost The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The District utilizes unit credit actuarial cost method to amortize the unfunded actuarial accrued liability. The total ARC for the year ending December 31, 2011 is \$14,125 as set forth below

Normal Cost	\$ 5,780
30 year UAL amortization	8,345
Annual Required Contribution	<u>\$ 14,125</u>

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation

Annual Required Contribution	\$ 14,125
Interest on net OPEB Obligation	1,295
Adjustment to annual required contribution	<u>(1,983)</u>
Annual OPEB cost (expense)	13,437
Contributions made	<u>(9,999)</u>
Increase in net OPEB obligation	3,438
Net OPEB obligation-beginning of year	32,374
Net OPEB obligation-end of year	<u>\$ 35,812</u>

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE L – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS-Continued
The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows

<u>Fiscal Year Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	21,448	23%	16,428
12/31/2010	21,138	25%	32,374
12/31/2011	13,437	74%	35,812

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively. Therefore, prior year comparative data is not available. In future years, three – year trend information will be presented.

Funded Status and Funding Progress The funded status of the plan as of December 31, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 136,276
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 136,276</u>
Funded ratio (actuarial value of plan assets/AAL)	0%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress included in required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE L – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS-Continued

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. Mortality rates
 - a. Healthy Lives – RP 2000 projected to 2011 scale using scale AA
3. 80% of employees who elect coverage while in active employment and who are eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement. For those who elect coverage, it is assumed that they will continue to be covered by the same plan as retirees that they were while active.
4. 40% of members electing coverage are assumed to also elect coverage for a spouse.
5. Females are assumed to be three years younger than males, for active employees.
6. Medical Inflation

<u>Year</u>	<u>Trend</u>
2009	7.80%
2010	7.20%
2011	6.30%
2012-2013	5.80%
2014-2017	5.70%
2018-2022	5.60%
2023-2027	5.50%
2028-2032	5.40%
2033	5.30%
2034	5.20%
2035-2036	5.10%
2037-2038	5.00%
2039-2042	4.90%
2043-2047	4.80%
2048-2053	4.70%
2054-2062	4.60%
2063-2075	4.50%
2076	4.40%
2077-2078	4.20%
2079-2085	4.10%
2086	4.00%

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE L – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS-Continued

- 7 For actives and retirees, the life insurance amount was provided by the Bayou Lafourche Fresh Water District and their annual premium was calculated as \$1 00 per unit of insurance per month. The district pays 50% of the life insurance premium.
- 8 It is assumed that 30% of the active employees will elect life insurance upon retirement.
- 9 Bayou Lafourche Fresh Water District covers a portion of the medical and life benefit premium based on years of participation. Below are the monthly maximum dollar amounts.

Years of Service	Max Dollar Amt of District Subsidy
15	\$ 150 00
16	\$ 165 00
17	\$ 180 00
18	\$ 195 00
19	\$ 210 00
20	\$ 225 00
21	\$ 240 00
22	\$ 255 00
23	\$ 270 00
24	\$ 285 00
25	\$ 300 00
26	\$ 315 00
27	\$ 330 00
28	\$ 345 00
29	\$ 360 00
30	\$ 375 00
31	\$ 395 00
32	\$ 410 00
33	\$ 442 50
34	\$ 440 00
35	\$ 455 00
36	\$ 470 00
37	\$ 485 00
38	\$ 500 00

NOTE M – DREDGE PROJECT

Beginning in 2010, the Bayou Lafourche dredge project was undertaken through a cooperative endeavor agreement between the Bayou Lafourche Fresh Water District and the Louisiana Department of Coastal Restoration and Preservation. This project is fully funded with monies from the State of Louisiana.

NOTE M – DREDGE PROJECT-Continued

The District is responsible for soliciting bids and executing the contracts for the services, labor and materials required to implement the project. The District is also responsible for coordinating the project implementation, necessary accounting activities, and all operation and maintenance activities associated with the project during and after all phases of the project

NOTE N – ADOPTION OF NEW ACCOUNTING PRINCIPLE

For the year ended December 31, 2011, the District implemented GASB Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of the governmental type funds. Note A-Fund Equity of Fund Financial Statements discloses the current presentation of the governmental type funds affected by this statement.

NOTE O - LITIGATION AND CLAIMS

The District is involved in litigation at December 31, 2011. In the opinion of management and legal counsel, the District has adequate legal defenses for the issues raised and the outcome of these matters will not have a significant effect on the District's financial position at December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 7

BUDGETARY COMPARISON SCHEDULE - GENERAL AND SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND				DREDGE SPECIAL REVENUE FUND			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES								
Ad Valorem Taxes	\$ 1,500,000	\$ 1,758,414	\$ 1,853,164	\$ 94,750	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues								
State Revenue Sharing	50,000	54,929	54,929	-	-	-	-	-
State Contracts	-	-	-	-	10,500,000	12,060,697	7,985,612	(4,075,085)
Water Sales	245,000	245,000	264,518	19,518	-	-	-	-
Interest Income	25,000	29,000	15,103	(13,897)	-	-	-	-
Sale of Assets	-	-	8,500	8,500	-	-	-	-
Miscellaneous Income	100	7,165	366	(6,799)	-	1,975	1,975	-
Total Revenues	1,820,100	2,094,508	2,196,580	102,072	10,500,000	12,062,672	7,987,587	(4,075,085)
EXPENDITURES								
Salaries	501,200	488,200	472,176	16,024	-	-	-	-
Payroll Taxes	45,000	45,000	36,299	8,701	-	-	-	-
Group Insurance	205,000	180,000	169,285	10,715	-	-	-	-
Retirement Expense	40,000	40,000	43,308	(3,308)	-	-	-	-
Ad val deduction for pension	55,000	59,310	59,310	-	-	-	-	-
Materials & supplies	15,000	35,000	16,069	18,931	-	-	-	-
Commissions	-	-	1,700	(1,700)	-	-	-	-
Repairs & maintenance	40,000	30,000	35,246	(5,246)	-	-	-	-
Fuel & lube	22,000	30,500	27,809	2,691	-	-	-	-
Accounting fees	12,000	7,750	7,750	-	-	-	-	-
Computer expense	2,500	2,500	2,588	(88)	-	-	-	-
Dues & Subscriptions	150	100	226	(126)	-	-	-	-
Engineering Fees	15,000	70,000	42,578	27,422	-	-	-	-
Insurance - General	300,000	290,000	287,548	2,452	-	-	-	-
Legal Publication	6,000	3,500	2,756	744	-	-	-	-
Medical Expense	1,000	14,500	13,554	946	-	-	-	-

The accompanying notes are an integral part of this statement.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Statement 7

BUDGETARY COMPARISON SCHEDULE - GENERAL AND SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND			DREDGE SPECIAL REVENUE FUND		
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget
Mileage & Travel	1,500	1,500	1,289	211	-	-
Office Expense	10,000	11,000	10,205	795	-	-
BTNEP Calendar	5,000	5,000	5,000	-	-	-
Telephone	14,000	11,000	10,680	320	-	-
Legal Fees	10,000	10,000	9,401	599	-	-
Utilities	311,800	128,750	122,648	6,102	-	-
Aquatic vegetation control	5,000	1,000	-	1,000	-	-
Monitoring Gauge Expense	15,000	19,000	18,541	459	-	-
State Land Water Line Marking	-	19,780	19,780	-	-	-
Miscellaneous expense	1,000	6,700	8,264	(1,564)	-	-
Dredge Expenses	-	-	-	-	1,975	1,975
Company Canal Expenses	-	-	100	(100)	-	-
Capital outlay	-	-	-	-	-	-
Equipment & vehicle	600,000	51,000	45,781	5,219	-	-
Office equipment	-	800	758	42	-	-
Total Expenditures	2,233,150	1,561,850	1,470,649	91,241	10,500,000	12,062,672
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(413,050)	532,618	725,931	193,313	-	-
CHANGES IN FUND BALANCE	(413,050)	532,618	725,931	193,313	-	-
FUND BALANCE AT BEGINNING	2,400,000	2,693,980	4,017,300	1,323,320	2,000,000	2,000,000
FUND BALANCE AT END OF	\$ 1,986,950	\$ 3,226,598	\$ 4,743,231	\$ 1,516,633	\$ 2,000,000	\$ 2,000,000
					\$ 20	\$ (1,999,980)

Continued

The accompanying notes are an integral part of this statement.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Schedule of Funding Progress
For the Year Ended December 31, 2011

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>
January 1, 2011	\$ -	\$ 142,105	\$ 142,105	0 0%
January 1, 2010	\$ -	\$ 142,105	\$ 142,105	0 0%
January 1, 2009	\$ -	\$ 142,105	\$ 142,105	0 0%

OTHER SUPPLEMENTARY INFORMATION

Schedule A

**BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana**

**Schedule of Per Diems Paid to Board Members
For the Year Ended December 31, 2011**

<u>Board Member</u>	<u>Amount</u>
Ron Animashaun	900
Donald Arceneaux	600
Gene Harrell	1,200
Larry Dugas	1,050
Darby Chaisson	675
Gregory Nolan	375
Robert Thibodaux	<u>1,125</u>
Total	<u>\$ 5,925</u>

**INDEPENDENT AUDITOR'S REPORT AND OTHER SCHEDULES
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

BAYOU LAFOURCHE FRESH WATER DISTRICT

Schedule B

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2011

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Bayou Lafourche Fresh Water District.
- There was one material weakness in internal control disclosed during the audit of the basic financial statements that was required to be reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards. (See 2011-1 in Part B of this schedule)
- The results of our tests disclosed three instances of noncompliance material to the basic financial statements which were required to be reported in the Report On Internal Control and on Compliance and Other Matters over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (See 2011-2, 2011-3, and 2011-4 in Part B of this schedule)

B. Findings – Financial Statement Audit

2011-1 SEPARATION OF DUTIES

Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we can not recommend that additional personnel be added, and have no recommendations to make in this area

Management of the District concurs with the finding However, due to staff limitations, no action will be taken at this time

2011-2 FINANCIAL STATEMENTS SUBMITTED NOT IN ACCORDANCE WITH GAAP

The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles

Due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditor

Management of the District concurs with the finding However, due to staff limitations, no action will be taken at this time

BAYOU LAFOURCHE FRESH WATER DISTRICT

Schedule B

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2011

B. Findings – Financial Statement Audit-continued

2011-3 BUDGET AMENDMENTS

Louisiana state statutes require the adopted budget to be amended in the following situations
Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more

Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more

Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures

For the year ended December 31, 2011, the district met this requirement, but did not correctly amend its budget

We recommend that the District amend its budget when it meets the above requirements

Management of the district concurs with this finding and the recommendation will be implemented immediately

2011-4 PUBLIC BID LAW

Louisiana statutes require that the District receive at least three phone or facsimile quotes for the purchase of materials and supplies between \$10,000 and \$30,000. The District purchased a vacuum pump which exceeded the cost of \$10,000, but failed to receive at least three phone or facsimile quotes

We recommend that management of the District receive at least three phone or facsimile quotes for the purchase of materials and supplies between \$10,000 and \$30,000

Management of the District concurs with the finding and the recommendations will be implemented immediately

BAYOU LAFOURCHE FRESH WATER DISTRICT

Schedule C

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2011

INTERNAL CONTROL FINDINGS – Financial Statement Audit

2010-1 SEPARATION OF DUTIES

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties to have an effective internal control

Current status: This finding still applies and is noted in the current audit for year ending December 31, 2011 (See current finding noted as 2011-1)

COMPLIANCE FINDINGS – Financial Statement Audit

2010-2 FINANCIAL STATEMENTS SUBMITTED NOT IN ACCORDANCE WITH GAAP

Condition: The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles

Current Status: This finding still applies and is noted in the current audit for year ending December 31, 2011 (See current finding noted as 2011-2)

2010-3 BUDGET AMENDMENTS

Condition: The budget was not amended when the actual total revenues failed to meet budgeted total revenues by five percent or more due to the fact that it has been very difficult to anticipate the timing of the revenues received from the Louisiana Department of Coastal Restoration and Preservation for the Bayou Lafourche Channel Capacity Improvement Program

Current status: the finding still applies and is noted in the current audit for the year ending December 31, 2011 (See current finding noted as 2011-3) This has not been corrected because of inconsistency in collections from the state on the Dredge Project The collection of revenues is difficult due to the fact that money that was supposed to be collected before year end, was not

Bayou Lafourche Fresh Water District

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Donaldsonville, Louisiana (225) 473-7539

Schedule D

Corrective Action Plan for Current Year Audit Findings For the Year Ended December 31, 2011

<u>Ref No *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2011-1	Separation of Duties	Not feasible at this time due to staff and budget limitations	Archie Chaisson, Jr	N/A
2011-2	Financial Statements submitted not in accordance with GAAP	Not feasible at this time due to staff and budget limitations	Archie Chaisson, Jr	N/A
2011-3	Budget Amendments	Will amend budget when in violation of state law	Archie Chaisson, Jr	Immediately
2011-4	Public Bid Law	Will receive at least 3 phone or fax quotes for purchases of materials and supplies between 10,000 and 30,000	Archie Chaisson, Jr	Immediately

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Archie P. Chaisson, Jr., Director

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bayou Lafourche Fresh Water District (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Louisiana Governmental Audit Guide issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (2011-1).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government

Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2011-2, 2011-3, 2011-4

The Bayou Lafourche Fresh Water District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the legislative auditor as a public document.

Wagnerpack & Gallagher, LLC

June 8, 2012
Napoleonville, Louisiana